



COMMONWEALTH OF MASSACHUSETTS

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January 9, 2017

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Ex Parte Notice, *In re: Connect America Fund*, WC Docket No. 10-90

Dear Ms. Dortch:

The Massachusetts Department of Telecommunications and Cable (“MDTC”)¹ and the Massachusetts Broadband Institute (“MBI”)² (jointly “Massachusetts”), respectfully submit this letter to reiterate the compelling need for qualifying states to receive dedicated Connect America Fund (“CAF”) funding.³ In particular, many rural residents in net-payer states like Massachusetts continue to lack universal broadband service despite repeated attempts by the Federal Communications Commission (“Commission”) to allocate CAF money to eligible price cap areas in those states.⁴ These residents and their communities should not continue to be disadvantaged by a provider’s business decision to reject support when the Commission has deemed specific funding necessary and appropriate to support delivery of baseline broadband service.⁵ As a result, the Commission should dedicate to each state funding that matches or exceeds the state-level amounts of CAF model-based support rejected by the price cap carriers in those states.⁶

¹ The MDTC regulates telecommunications and cable services within Massachusetts and represents the Commonwealth in matters before the Commission. *See* MASS. GEN. LAWS ch. 25C, § 1; MASS. GEN. LAWS ch. 166A, § 16.

² The MBI is a division of the Massachusetts Technology Collaborative and the state authority responsible for leading the efforts of the Commonwealth to close the broadband access divide in its rural communities. *See* MASS. GEN. LAWS ch. 40J, § 6B.

³ *See generally* Massachusetts Comments, WC Docket No. 10-90 *et al.* (filed Jul. 21, 2016) (“Massachusetts Comments”).

⁴ This includes multiple instances of rejection of CAF Phase I incremental support, as well as the recent rejection of CAF Phase II model-based support. *See, e.g.*, Press Release, *Carriers Accept Over \$1.5 Billion in Annual Support from Connect America Fund to Expand and Support Broadband for Nearly 7.3 Million Rural Consumers in 45 States and One Territory* (Aug. 27, 2015), available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0827/DOC-335082A1.pdf (last viewed Jan. 5, 2017).

⁵ *See* Comments of Verizon, WC Docket No. 10-90 *et al.* at 4-5 (filed Oct. 24, 2016) (“Verizon Comments”). Massachusetts does not decry a provider’s business decision to reject proffered CAF support, since the provider may have concluded that financial returns or associated obligations would not justify delivery of service in these areas. Unfortunately, many rural communities in states like Massachusetts have received no benefit from the CAF since its inception in 2011, received little to no benefit from the former High-Cost Fund prior to 2011, and have no certainty that they will benefit from the CAF anytime in the near future short of Commission action requested herein.

⁶ *See* Massachusetts Comments at 6-7.

Guaranteed dedicated CAF funding to these areas, whether through the CAF Phase II Auction or a possible grant-based CAF mechanism, would facilitate and complement state-level broadband deployment initiatives such as the MBI.⁷ Of course, states have taken and will continue to take varied approaches for these efforts. And, as reflected by New York State's recent waiver petition, the timing for these initiatives may not align with the Commission's CAF activities.⁸ To the extent that the Commission approves New York's petition, it should do so broadly so as to permit states like Massachusetts that similarly dedicate state funds to broadband expansion to receive dedicated CAF support. This would maximize the efficient use of public funds and avoid any potential for duplicative build-out.⁹ In Massachusetts, for example, there are 25,000 households in 40 communities that lack access to residential broadband service. The Massachusetts Legislature authorized the MBI to invest up to \$40 million in state capital funds for infrastructure in those communities without access to residential broadband service. Massachusetts urges the Commission to consider implementing a CAF mechanism in the near-term that would target this dedicated support to declined states' broadband expansion efforts. This would help to ensure a more efficient allocation of limited CAF funding and better align federal and state broadband expansion efforts.

Thank you for your consideration.

Respectfully submitted,

/s/ Peter Larkin

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⁷ See, e.g., MBI, *Building Networks* webpage, available at <http://broadband.masstech.org/building-networks> (last viewed Jan. 5, 2017) (providing information about MBI's broadband deployment initiatives).

⁸ See New York State Petition for Expedited Waiver, WC Docket No. 10-90 *et al.* (filed Oct. 12, 2016) ("NY Waiver"); Verizon Comments at 3-4.

⁹ See NY Waiver at 13-14.